

**§ 1464.106 Marketing penalties.**

(a) *Failure to remit assessments.* An importer who fails to timely remit an assessment in accordance with this subpart shall be subject to a marketing penalty.

(1) *Budget deficit marketing assessment.* With respect to the assessment referred to in § 1464.102, if an importer fails to pay or to timely remit the BDMA, such importer shall be subject to a marketing penalty at a per kilogram rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the respective like kind domestic tobacco being imported for the domestic marketing year which immediately preceded the domestic marketing year in which the imported tobacco became subject to the BDMA. Such marketing penalty rate shall apply to the quantity of tobacco on which the failure occurred. Amounts due for the penalty shall be in addition to any other amount as may be due, including, but not limited to, the amount due for the BDMA itself, or any applicable late fees, charges, or interest.

(2) *Importer no-net-cost assessment.* With respect to assessments referred to in § 1464.103, if an importer of burley or flue-cured tobacco fails to timely remit a no-net-cost assessment in accordance with the provisions in this subpart, such importer shall be liable, in addition to any no-net-cost assessment or other sum due and any late payment charges, to a marketing penalty at a per kilogram rate equal to 75 percent of the average market price (calculated to the nearest whole cent) for the respective kind of domestic tobacco (burley or flue-cured) for the respective domestic tobacco marketing year in which such imported tobacco was imported, on the quantity of tobacco as to which the failure occurs.

(b) *Exception to marketing penalty.* A marketing penalty otherwise required by this paragraph may be forgiven if the assessment for which nonpayment of the penalty could be assessed is remitted not later than 15 calendar days after the date otherwise required for the remittance by this subpart.

(c) *Notification of marketing penalty.* Before a marketing penalty is assessed, the importer shall be notified of the pending assessment and shall be af-

forded an opportunity for a hearing with respect to the assessment of the penalty. Such notification will be by, and such hearing will be before, the Director or designee.

(d) *Marketing penalty reduction.* The Executive Vice President, CCC, or designee, may reduce the amount of any marketing penalty for which a person otherwise would be liable under the provisions of this section upon finding that failure to comply was unintentional or without knowledge on the part of such person and that such reduction would not damage the tobacco program or the administration of this part.

(e) *Prohibition of use, processing or marketing of tobacco for which the assessments have not been paid; other remedies.* The knowing use, processing, or marketing of tobacco in the commerce of the United States of any tobacco for which an assessment or related charge required or provided for by this subpart is past due, is prohibited. The penalties and other remedies provided in this section shall be in addition to, and not exclusive of, other remedies that may be available.

[59 FR 10944, Mar. 9, 1994, as amended at 62 FR 3198, Jan. 22, 1997]

**§ 1464.107 Recordkeeping.**

(a) *Retention of records.* Each importer of tobacco shall maintain all records that are relevant to any imported tobacco that is subject to an assessment in accordance with this subpart. Such records shall be retained for a period of three years following the date of entry of such tobacco. The burden of establishing compliance with this part shall be on the importer of the tobacco.

(b) *Examination of records and reports.* The Executive Vice President, CCC, the Director, or any person authorized by one of such persons, or any auditor or agent of the Office of the Inspector General, is authorized to examine any records that such person has reason to believe are relevant to any matter pertinent to the payment of importer assessments under this subpart. Upon request of an authorized person, each importer shall make available for examination such records as are under such

importer's control that may be relevant to imported tobacco that is subject to an assessment in accordance with this subpart or otherwise relevant to the administration of this subpart. Upon a failure to provide access or records, the Director may presume that such an inquiry would have produced information unfavorable to the party to the inquiry and shall make further determinations in the matter accordingly.

**§ 1464.108 Reconsideration and appeal.**

An importer may request the Director to reconsider any determination of the amount of any assessment due, any marketing penalty assessed, or other adverse determination rendered in accordance with this subpart. Any request for reconsideration shall be made within 30 calendar days of the date of the notification of such assessment, marketing penalty, or adverse determination. If the importer is dissatisfied with a determination rendered by the Director with respect to a request for reconsideration, such importer may appeal the determination to the Director, National Appeals Division, FSA. Any such appeal shall be handled in accordance with the provisions of 7 CFR part 780.

[59 FR 10944, Mar. 9, 1994, as amended at 62 FR 3199, Jan. 22, 1997]

**Subpart C—Tobacco Loss Assistance Program 1999**

SOURCE: 65 FR 7960, Feb. 16, 2000, unless otherwise noted.

**§ 1464.201 Applicability and basic terms for payments to states.**

(a) This subpart sets forth the terms and conditions of the Tobacco Loss Assistance Program (TLAP) authorized by Section 803 of the FY 2000 Agriculture Appropriations Act (Public Law 106-78). That section provides that \$328 million of funds of the Commodity Credit Corporation shall be made available to make payments to States for the benefit of certain persons for the reduction in quantity of tobacco quota.

(b) States, in order to be eligible for payment under this part, must be States having farms to which, for "eli-

gible kinds of tobacco" only, tobacco quotas or allotments were made available under 7 CFR part 723 for the 1999 crop years. "Eligible kinds of tobacco" for purposes of this part will be any kind of tobacco for which the national marketing quota for 1999 was reduced from the 1998 level.

(c) Except as provided in § 1464.205, all payments under this part shall be made to States and only to those states with producers of eligible kinds of tobacco.

(d) Such payments shall be made to the State as soon as practicable after the application for such payment by the State.

(e) Payments from the \$328 million allotted to this program for loss of quota shall be made to the qualifying States in proportion, as determined by the Executive Vice President of CCC, to the relative quantity of lost quota apportioned to the qualifying States for eligible kinds of tobacco.

(f) In the case of a State that is a party to the National Tobacco Growers Settlement Trust, the State shall, to the extent practicable, distribute funds made available under this part (that is, under the TLAP) to eligible persons in the State in accordance with the formulas established pursuant to the Trust to the extent provided for in the authorizing statute. In the case of a State that is not party to the National Tobacco Growers Settlement Trust, the State shall distribute funds made available under TLAP to eligible persons in the State in a manner determined by the State and approved by the Executive Vice President, CCC. The National Tobacco Growers Settlement Trust referred to in this section is that private trust created by tobacco companies to make approximately \$5 billion in payments available to parties involved in the production of tobacco, and which has distributed the monies through local, state trusts.

**§ 1464.202 Administration.**

(a) This subpart shall be administered by CCC under the general supervision of the Executive Vice President of the CCC and the Deputy Administrator for Farm Programs of the Farm Service Agency of the Department of